



Bay Area Infrastructure Financing Authority
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Memorandum

TO: BAIFA

DATE: December 10, 2014

FR: Executive Director

W. I. 6840

RE: BAIFA Resolution No. 7 – Reimbursement from Proceeds of Indebtedness

Background:

Under BAIFA Resolution No. 7, BAIFA would declare its intent to reimburse expenditures from tax-exempt bond proceeds if BAIFA were to issue tax-exempt debt in the future.

To date, BAIFA's express lanes project costs have been funded through the Express Lanes enterprise program in the Bay Area Toll Authority (BATA) Capital Budget. While this is likely to continue to be the case for the high occupancy vehicle (HOV)-lane conversion projects underway, BAIFA may employ tax-exempt bond financing at a future date, particularly to fund new lanes. In order to have the option to reimburse prior expenditures from proceeds of future tax-exempt bond financing, under federal tax law rules, BAIFA must adopt an "inducement resolution".

The inducement resolution sets forth a time certain for which reimbursements from tax-exempt bond proceeds are eligible. Examples of expenditures that may be appropriate for reimbursement from future tax-exempt bond financing include, but are not limited to: consultant services for project environmental review, civil design and design or purchase of the toll system. It is important to note that the adoption of the resolution is solely for the purpose of complying with regulations issued by the U.S. Treasury if BAIFA should choose to issue tax-exempt bonds in the future and seek to reimburse appropriate prior expenditures. It does not bind BAIFA to issue debt and does not require BAIFA to reimburse specific, prior expenditures.

Recommendation:

Staff recommends that BAIFA approve BAIFA Resolution No. 7, Declaration of Official Intent of BAIFA to Reimburse Certain Expenditures From Proceeds of Indebtedness.



Steve Heminger

SH:LK

Date: December 17, 2014
W.I.: 6840
Referred by: BAIFA

ABSTRACT

BAIFA Resolution No. 7

This resolution declares the intent of the Bay Area Infrastructure Financing Authority ("BAIFA") to reimburse certain expenditures from proceeds of indebtedness.

Discussion of this action is contained in the Executive Director's memorandum to BAIFA, dated December 10, 2014.

Date: December 17, 2014
W.I. 6840
Referred by: BAIFA

Re: Declaration of Official Intent of Bay Area Infrastructure Financing Authority to Reimburse Certain Expenditures From Proceeds of Indebtedness

BAY AREA INFRASTRUCTURE FINANCING AUTHORITY
RESOLUTION NO. 7

WHEREAS, the Metropolitan Transportation Commission ("MTC") has requested that the Bay Area Infrastructure Financing Authority ("BAIFA") assist MTC in the development, financing, and operation of high-occupancy toll lanes in MTC's jurisdiction (the "Project"); and

WHEREAS, BAIFA, in the course of assisting MTC in the financing of the Project, expects that MTC or the Bay Area Toll Authority ("BATA") has paid or may pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project within 60 days prior to the adoption of this resolution and prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, BAIFA reasonably expects that debt obligations in an amount not expected to exceed \$500,000,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations require BAIFA to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing; now be it therefore

RESOLVED, BAIFA finds and determines that the foregoing recitals are true and correct; and, be it further

RESOLVED, that this declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations and does not bind BAIFA to make any expenditure, incur any indebtedness, or proceed with the Project; and, be it further

RESOLVED, that BAIFA hereby declares its official intent to use proceeds of indebtedness to reimburse the Reimbursement Expenditures; and, be it further

RESOLVED, that this declaration shall take effect from and after the date of its adoption.

BAY AREA INFRASTRUCTURE
FINANCING AUTHORITY

Amy Rein Worth, Chair

The above resolution was entered into by the
Bay Area Infrastructure Financing Authority
at a regular meeting of the Authority held in
Oakland, California, on December 17, 2014.